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FISCAL IMPACT STATEMENT

LS 6920

BILL NUMBER: SB 366

NOTE PREPARED: Jan 9, 2016

BILL AMENDED:

SUBJECT: Solid Waste Management Districts.

FIRST AUTHOR: Sen. Brown L

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill eliminates the power of a solid waste management district to adopt resolutions that have the force of law and instead allows a district to recommend the adoption of ordinances to the county legislative body.

The bill authorizes the county executive of a county that is a single-county solid waste management district to adopt an ordinance dissolving the district and providing for the winding up of the affairs of the district. It authorizes the county executive of a county that is a member of a multicounty joint solid waste management district, after withdrawing from the joint district under the provisions of current law, to adopt an ordinance determining that the county will no longer be a member of a joint district or be designated as a single-county district.

The bill makes the following provisions concerning the settling of the affairs of a solid waste management district that is to be dissolved: (1) Legal obligations of the district (including bond and loan obligations, contractual liabilities, and civil liabilities) shall be satisfied from assets of the district and if necessary from a tax levy. (2) Assets of the district shall be used to satisfy the legal obligations of the district. (3) Any assets not needed to satisfy the district's legal obligations shall be transferred to the political subdivisions of the county according to a plan adopted by the county executive and become the assets of the political subdivisions to which they are transferred. (4) If the district imposed a property tax levy, the board of the district shall, by resolution, decide whether the maximum property tax levies of political subdivisions in the county shall be adjusted after the dissolution of the district so as to redistribute the tax levy of the district to the other political subdivisions. (5) If the district adopted a resolution that had the force and effect of law, the county executive shall, by ordinance, nullify the resolution or adopt the substance of the resolution as an ordinance of the county. (6) If the district imposed a district fee on the disposal of solid waste in a final

disposal facility or a district solid waste management fee, unexpended revenue of the fee shall be transferred to the political subdivisions within the county according to the county executive's plan, and the board of the district shall, by resolution, decide whether the collection of the fee should continue.

Effective Date: July 1, 2016.

Explanation of State Expenditures: (Revised) *Department of Local Government Finance (DLGF)*: The bill provides that if any outstanding legal obligations remain after the assets of a district that is to be dissolved have been used, the territory of the district constitutes a special taxing district for purposes of paying those outstanding legal obligations. If this occurs, the DLGF is to determine the property tax levy and rate that must be imposed each year to pay the outstanding obligations as they become due. The DLGF should be able to accomplish this task within their existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Summary* - The bill provides that any legal obligations of a district that is to be dissolved (including bond and loan obligations, contractual liabilities, and civil liabilities) shall be satisfied from assets of the district and if necessary from a tax levy. There could be an increase in legal fees associated with determining legal obligations.

Removal or withdrawal from a district could also affect equipment and facilities available to all of the units involved. Units could incur additional expenses if the change in the make-up of the district requires units to move and/or dispose of equipment or facilities or if equipment and facilities are no longer available.

Further, counties and local units could be responsible for all solid waste management-related activities.

(Revised) *Additional Information* - The bill provides that if a district is dissolved, any assets remaining after legal obligations are satisfied would be transferred to the political subdivisions of the county according to a plan adopted by the county executive. As of October 2015, there were 6 joint districts and 66 single-county districts. Marion County is not required to operate a solid waste management district.

According to information provided by the Association of Indiana Solid Waste Management Districts, a majority of the districts currently provide the following services: school and public education; collection of electronics, tires, medicine, bulky items and white goods, and disaster debris; recycling bin loaner programs; and environmental compliance programs. Also, a majority of the districts currently report having permanent household hazardous waste facilities and recycling drop-off facilities.

Explanation of Local Revenues: (Revised) The fiscal impact on local revenue will depend upon local decisions and circumstances.

Property Tax Levies: If the solid waste management district being dissolved imposed a property tax levy, the board of the district must adopt an ordinance to address whether the maximum property tax levies of political subdivisions in the county shall be adjusted to redistribute the tax levy of the district to the other political subdivisions.

If the district maximum levy is distributed to other units, then the overall total levy in the county will not change. If the district's maximum levy is not redistributed, the total levy in the county will be reduced. The

lower levy will reduce tax rates, and possibly reduce losses due to circuit breakers in some areas.

The bill also provides that if legal obligations remain after assets have been used, the DLGF must determine the property tax levy and rate that must be imposed to pay outstanding legal obligations. Revenue collected under these circumstances would be distributed to the county and used only to pay the remaining outstanding legal obligations.

In 2015, there were 35 solid waste management districts with adopted budgets that included a total of \$22.0 M in property taxes. The total budget appropriation for all districts was \$54.0 M.

Fees on the Final Disposal of Waste and Solid Waste Management Fees: Revenue from solid waste management districts that were collecting certain fees could also be affected if ordinances are adopted to dissolve the districts. The district boards must adopt ordinances to address whether the fees should be continued. If the fees are continued, the revenue would be distributed to each political subdivision in the county.

In 2015 there were 49 solid waste management districts with adopted budgets that included \$17.7 M in various fees and charges.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Solid waste management districts; Counties and other local units.

Information Sources: Local government database; Indiana Gateway for Government Units; Association of Indiana Solid Waste Management Districts, Indiana Solid Waste Management Districts Programmatic Per Capita Spending Data - 2014, provided to the Interim Study Committee on Environmental Affairs, October 14, 2015.

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